

Washington, D.C. – Congressman Wally Herger (R-CA) issued the following statement after the House passed the final version of H.R. 674, legislation he authored to repeal the 3% withholding tax, which would require government agencies at all levels to withhold 3% of their payments to businesses for goods and services. There has been broadly expressed concern among small businesses that this tax could wipe out their already slim profit margins, and many businesses have reported that this prospect is a barrier to hiring more workers. Ending 3% withholding is a part of the House Republican Plan for American's Job Creators and has been supported by a broad coalition of business groups, including the Chamber of Commerce, National Association of Manufacturers, and National Federation of Independent Businesses, as well as organizations representing state and local governments, which would face substantial costs to implement the tax. The House and Senate have passed it by strong bipartisan votes and President Obama has indicated that he'll sign it into law. You can watch a video of Congressman Herger's floor speech in favor of the legislation here as well as read the text of the speech below.

"The unanimous bipartisan support in both chambers for repealing 3% withholding demonstrates that Congress can agree on common sense jobs legislation. When small business owners are evaluating whether their investments will allow them to make a living, it matters if a new tax like this is going to cut off their cash flow in just over a year. Repealing this detrimental mandate is an important step in making it easier for small businesses to create jobs. I also strongly support the provisions included in the final version of H.R. 674 that are designed to help unemployed veterans find a job. I am encouraged that the President has endorsed the repeal of 3% withholding and the overall legislation, and I look forward to him signing it into law very soon."

Text of remarks on the House floor:

"I rise in strong support of H.R. 674.

"Members of this House are well aware of why the 3% withholding tax must be repealed. It threatens to destroy the cash flow of thousands of small businesses that sell goods and

services to government agencies, and impose additional costs on cash-strapped state and local governments. Today, I want to talk about the big picture and why this is important for job creation.

“Americans are hurting. Nearly 14 million are unable to find work, and millions more are stuck in part-time jobs even though they would like to work more. We are now well into the fourth year of this downturn, and many Americans are increasingly discouraged about the long-term future of our economy.

“America’s job creators are hurting, too. Today, thousands of small business owners will sit down, look over their books, and try to discern what the future holds. They are uncertain about whether there will be sufficient demand for their goods and services. They are uncertain about how Europe’s fiscal crisis will affect our economy, and whether we will do what is needed to address our own debt crisis before it’s too late. And they’re uncertain about the direction of government policy – whether Washington will continue to hand down new taxes and regulations that stifle economic growth.

“The 3% withholding tax is an example of the kind of government policies that discourage job creation. When small business owners are evaluating whether their investments will allow them to make a living, it matters if a new tax is going to cut off their cash flow in just over a year. Repealing this tax is one important step. It sends the message to America’s job creators that jobs are our number one priority and that Congress is committed to undoing policies that stand in the way of restoring prosperity.”